

# Late Disbursement Checklist/Notification

## LENDER VERSION



For use by lenders to determine borrower eligibility for late disbursement of FFELP funds prior to disbursement by the lender based on regulations effective 7-1-97, 34 CFR §682.207(d)

### Borrower Information

Borrower Name		Borrower SSN ____ - ____ - ____	Loan Number
Disbursement Number	Disbursement Amount	Loan Period	

### Lender Checklist

The following questions should be answered by the lender, prior to disbursement, when the lender is aware<sup>1</sup> it is making a late disbursement. Even though the school is ultimately responsible for verifying eligibility for late disbursement prior to their delivery of the funds, this checklist should be used by the lenders in this situation to protect their asset and to prevent improper late disbursements before they happen.

- Has the school contacted the lender to request a late or re-issued disbursement<sup>2</sup> and has the school reported a last date of at least half-time enrollment for the student, which is prior to the end of the loan period?  
☐ Yes Continue with Question #2.  
☐ No Skip to Question #3.
- Based on the last date of at least half-time enrollment reported by the school, did the student attend school on at least a half-time basis at any time during the loan period?  
☐ Yes Which disbursement is in question?  
☐ 1st – Borrower may be eligible to receive only the 1st disbursement minus any reduction calculated by the school and reported to the lender<sup>3</sup>. Continue with Question #4.  
☐ Subsequent<sup>4</sup> – **Stop here!** Borrower is not eligible to receive the disbursement. Do not disburse funds.  
☐ No **Stop here!** Borrower is not eligible for any disbursement attributable to the loan period in question. Do not disburse funds.
- Is the actual disbursement date after the end of the loan period due to a late guarantee or due to a re-issue<sup>2</sup> of a previously made disbursement?  
☐ Yes Borrower may be eligible to receive any disbursement. Continue with Question #4.  
☐ No Lender would not be aware of late disbursement at the time of disbursement. School must determine late disbursement eligibility.
- Is the lender able to disburse the funds so that the school is able to release the funds no later than 90 days after the date the student graduated, dropped below half-time, or completed the period of enrollment for which the loan was intended? (Lender and school should work together to ensure the disbursement and delivery occur in the allowable time period.)  
☐ Yes Borrower may be eligible for the disbursement. Lender must include a notice to the school with the disbursement that it is being made as a late disbursement (this form may serve as the lender's notice). The school will then need to verify additional eligibility requirements for which only the school would have necessary information. If, and until, the additional requirements are met, the school may deliver the funds to the borrower (see Late Disbursement Checklist, School Version).  
☐ No Borrower is not eligible for the disbursement. Do not disburse the funds.

### Notes

<sup>1</sup> In some situations, a lender may receive information that the borrower has left school prior to a disbursement but, due to processing time, is unable to process the information before the disbursement is made. In this situation, the lender is not aware that it is making a late disbursement and would not be required to provide the notice to the school mentioned in Question #4. The school is solely responsible for verifying eligibility for a late disbursement.

<sup>2</sup> The lender must re-issue a disbursement within 90 days of the student's last date of at least half-time enrollment or the end of the enrollment period, whichever is earlier, and only upon request from the school. The lender may exceed this 90-day timeframe for re-issued disbursements due to exceptional circumstances upon request of both the borrower and the school. If originally made as a "late disbursement," the lender must re-issue within 90 days of the original late disbursement date. Under no circumstances may the lender exceed this 90-day timeframe for re-issued late disbursements. Lender must maintain all supporting documentation and adjust billings accordingly.

<sup>3</sup> Regulations in 34 CFR §668.164(g) and §682.604(e) require the school to report to the lender any revision to the loan amount due to any period of ineligibility and to report the corrected dates of eligibility. If a late disbursement is made without the lender's knowledge, the school must return any portion of the loan for which the borrower is not eligible or may return the entire proceeds and request a revised disbursement.

<sup>4</sup> 34 CFR §682.604(b) states that if a student temporarily drops below half-time attendance, then subsequently resumes enrollment on at least a half-time basis during the loan period, the borrower maintains eligibility for all disbursements, less any amount of a decrease to the student's cost of attendance as determined and documented by the school. This situation, in and of itself, does not result in a late disbursement situation.